

91-682

Supreme Court, U.S.
FILED

OCT 25 1991

OFFICE OF THE CLERK

No. _____

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1991

SPECTRONICS CORPORATION,

Petitioner,

v.

H.B. FULLER COMPANY, INC. AND
H.B. FULLER AUTOMOTIVE PRODUCTS, INC.,

Respondents.

**PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

PETITION FOR WRIT OF CERTIORARI

Arthur H. Seidel

Counsel of Record

SEIDEL, GONDA, LAVORGNA
& MONACO, P.C.

1800 Two Penn Center Plaza
Philadelphia, PA 19102

(215) 568-8383

Attorney for Petitioner

Spectronics Corporation

David N. Brainin

Of Counsel

LOCKER, GREENBERG & BRAININ
48th Floor

One Pennsylvania Plaza
New York, NY 10119

(212) 594-7000



QUESTIONS PRESENTED FOR REVIEW

1. Must a declaratory judgment action be dismissed for lack of controversy when a patentee who has terrorized plaintiff's customers cancels all of the patent's claims and issues a statement of non liability, but files a reissue patent application in the Patent and Trademark Office directed to the same subject matter, and continues to use a patent marking on its widely sold goods with resulting impact on plaintiff's sales to its customers, thereby creating an objectively reasonable apprehension on plaintiff and its customers about a future suit based upon the reissue patent?

2. Can a patentee deprive the plaintiff in a declaratory judgment action from demonstrating fraudulent patent procurement by cancelling all of the patent's claims, issuing a statement of non liability, while filing a reissue patent application directed to the same subject matter in the Patent and Trademark Office which has adopted the policy of refusing to investigate and reject original or reissue patent applications for fraudulent procurement?

3. May the Patent and Trademark Office refuse to consider fraudulent procurement of a reissue patent application notwithstanding this Court's explicit directive to do so in *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 US 806, 818 (1945), and this Court's recognition of the far-reaching social and economic consequences to the public of a fraudulent patent monopoly?

STATEMENT UNDER RULE 28.1

The petitioner, Spectronics Corporation, has no parent, subsidiary nor affiliated companies.

TABLE OF CONTENTS

QUESTIONS PRESENTED FOR REVIEW	i
STATEMENT UNDER RULE 28.1	ii
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES	iv
TABLE OF CONTENTS FOR THE APPENDICES	vi
OPINIONS BELOW	2
JURISDICTIONAL STATEMENT	2
STATUTES INVOLVED	2
STATEMENT OF THE CASE	3
BASIS FOR JURISDICTION IN THE DISTRICT COURT	5
ARGUMENT	5
Fraudulent Patent Monopolies Have Far-Reaching Social And Economic Consequences	6
Declaratory Judgment Jurisdiction Should Not Be Defeated When The Patentee Files A Reissue Patent Application Directed To The Same Subject Matter So That The Plaintiff Is Still Exposed To In Terrorem Attacks On Its Customers	8
Spectronics Has No Way To Address The Fraudulent Procurement Of The '366 Patent	10
The PTO Cannot Purge The Fraudulent Procurement Of The '366 Patent	10
Either The PTO Or The Courts, Or Both, Must Deal With Inequitable Conduct When Presented	11
CONCLUSION	12

TABLE OF AUTHORITIES

Cases:

<i>Akzona, Inc. v. E.I. Du Pont de Nemours & Co.</i> , 662 F. Supp. 603, 619 (D.Del. 1987)	9
<i>Altwater v. Freeman</i> , 319 U.S. 359 (1943)	9
<i>Arrowhead Industrial Water, Inc. v. Ecolochem, Inc.</i> , 846 F.2d 731, 734-735 (Fed.Cir. 1984)	8, 10
<i>Hewlett-Packard Co. v. Bausch & Lomb Inc.</i> , 882 F.2d 1556, 1563-1564 fn 7 (Fed. Cir. 1989), <i>cert. denied</i> 110 S.Ct. 1125 (1990)	11
<i>Hoffman-La Roche Inc. v. Lemmon Co.</i> , 906 F.2d 684, 688-689 (Fed. Cir. 1990)	10, 11
<i>Indium Corp. of America v. Semi-Alloys, Inc.</i> , 781 F.2d 879, 884 (Fed. Cir. 1985), <i>cert denied</i> , 479 U.S. 820 (1986)	3
<i>Lear Inc. v. Adkins</i> , 395 U.S. 653, 670 (1969)	7
<i>Pope Mfg. Co. v. Gormully</i> , 144 U.S. 224 (1892)	6
<i>Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.</i> , 324 U.S. 806, 815-816 (1945)	6, 7, 11
<i>Walker Process Equipment, Inc. v. Food Machinery and Chemical Corporation</i> , 382 U.S. 172, 176-177 (1965)	7

Statutes:

28 U.S.C. §1254(1)	2
28 U.S.C. §1295	12
28 U.S.C. §1331	2, 5
28 U.S.C. §1338	2, 5
28 U.S.C. §2201	2, 5, 8
28 U.S.C. §2202	2, 5, 8
35 U.S.C. §§251-252	2, 9

Rules:

37 C.F.R. §1.291	2, 10
37 C.F.R. §1.56	2
37 C.F.R. §§1.171 through 1.179	2
1095 O.G. 16-17 (September 8, 1988)	2, 4, 10
1096 O.G. 19 (October 17, 1988)	2, 4
1098 O.G. 502-503 (December 8, 1988)	2, 4

TABLE OF CONTENTS FOR THE APPENDICES

APPENDIX ONE

Judgement of Court of Appeals for the Federal Circuit	A-1
--	-----

APPENDIX TWO

Opinion of Court of Appeals decided July 29, 1991	A-2
---	-----

APPENDIX THREE

Errata decided August 9, 1991	A-13
-------------------------------------	------

APPENDIX FOUR

Order filed August 17, 1990	A-14
-----------------------------------	------

APPENDIX FIVE

Page 28 from transcript of hearing of August 17, 1990	A-16
--	------

APPENDIX SIX

35 U.S.C. §§251-252	A-17
---------------------------	------

APPENDIX SEVEN

28 U.S.C. §§2201 and 2202	A-19
---------------------------------	------

APPENDIX EIGHT

37 C.F.R. §§1.56, 1.171 through 1.179, and 1.291	A-20
--	------

APPENDIX NINE

Notices from the Official Gazette of the U.S. Patent and Trademark Office, 1095 O.G. 16-17 (September 8, 1988); 1096 O.G. 19 (October 17, 1988); and 1098 O.G. 502-503 (December 8, 1988)	A-25
--	------

APPENDIX TEN

Letter from Alan G. Carlson, Esq. dated June 18, 1991 to Arthur H. Seidel	A-30
--	------

APPENDIX ELEVEN

Letter from Arthur H. Seidel, Esq. dated June 20, 1990 to James G. Shipley, Esq. of E.I. Du Pont de Nemours & Company	A-32
---	------

APPENDIX TWELVE

Letter from James G. Shipley, Esq. dated June 25, 1990 to Arthur H. Seidel, Esq.	A-34
--	------

APPENDIX THIRTEEN

28 U.S.C. §1295	A-35
-----------------------	------

No. _____

IN THE
SUPREME COURT OF THE UNITED STATES

October Term, 1991

SPECTRONICS CORPORATION,

Petitioner,

v.

H.B. FULLER COMPANY, INC. AND
H.B. FULLER AUTOMOTIVE PRODUCTS, INC.,
Respondents.

**PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

PETITION FOR WRIT OF CERTIORARI

Petitioner respectfully prays that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Federal Circuit entered in its No. 91-1041 on July 29, 1991.

OPINIONS BELOW

The opinion of the Court of Appeals for the Federal Circuit is reported at 940 F.2d 631, and is reproduced in the Appendix hereto at A-2 to A-13.

The Order of the District Court was rendered on August 17, 1990, and is reproduced at A-14 to A-15. It incorporated by reference the Court's statements in discussions with counsel on the record at oral argument held on August 17, 1990. The seminal portion of such statements is reproduced at A-16.

JURISDICTIONAL STATEMENT

Invoking federal jurisdiction under 28 U.S.C. §§1331, 1338, 2201 and 2202, the Petitioner brought this declaratory judgment action in the U.S. District Court for the Eastern District of New York on December 6, 1988. On August 17, 1990, the District Court granted Respondents' Motion To Dismiss For Lack of Jurisdiction.

The Federal Circuit affirmed on July 29, 1991, and this Petition for Certiorari was filed within ninety (90) days of that date.

This Court's jurisdiction arises from 28 U.S.C. §1254(1).

STATUTES INVOLVED

This case involves the patent law sections, 35 U.S.C. §§251-252, reproduced at A-17 to A-18; 28 U.S.C. §§2201 (a) and 2202, reproduced at A-19; 37 C.F.R. §§1.56 (a), 1.171 through 1.179, and 1.291, reproduced at A-20 to A-24; and the following notices from the Official Gazette of the United States Patent and Trademark Office, 1095 O.G. 16-17 (September 8, 1988); 1096 O.G. 19 (October 17, 1988); and 1098 O.G. 502-503 (December 8, 1988), reproduced at A-25 to A-29.

STATEMENT OF THE CASE

Petitioner ("Spectronics") manufactures and sells fluorescent leak detection additives for mobile and stationary air conditioning systems. After Respondents (Fuller) launched an *in terrorem* campaign by letters to the industry announcing their Patent No. 4,758,366 (the '366 patent) and their developing "patent strategy" with respect to their tracer dye line of products, Spectronics filed this action on December 6, 1988, seeking *inter alia* a declaratory judgment of invalidity or non-infringement of the claims of the '366 patent. Spectronics asserted that the '366 patent had been fraudulently procured (fraudulent procurement is frequently designated "inequitable conduct" in the patent law) because of concealment of facts about the prior art and the submission of a false affidavit by the patentee. Fuller made two unsuccessful attempts to dismiss because of the absence of a judicial controversy due to a lack of "reasonable apprehension" on the part of Spectronics.

Fuller then filed in the District Court a "Statement Of Non Liability" comprising a release for past infringement and covenant not to sue for infringement of the cancelled '366 patent claims. Fuller also filed a reissue patent application in the Patent and Trademark Office ("PTO") cancelling all of the claims of the '366 patent and substituting new claims in their place. Since filing its reissue application Fuller has either used its former marking of the patent number or has adopted the patent marking of "Reissue of U.S. Patent No. 4,758,366 Pending" for its widely sold goods.

With the filing of the reissue patent application and the Statement of Non Liability, Fuller's counsel, Alan G. Carlson, Esq., wrote on June 18, 1990 to the undersigned attorney for Spectronics, a letter reproduced at A-30, in which he stated:

In the past, you have stated your concern that the reissue proceeding cannot deal with the inequitable conduct issue. However, inequitable conduct is now a moot issue. *Indium Corp. of America v. Semi-Alloys, Inc.*, 781 F.2d 879, 884 (Fed. Cir. 1985), *cert denied*, 479 U.S. 820 (1986). With respect to the original claims, claims 1-18, those have been cancelled and the Statement of Non Liability precludes any liability by Spectronics. With respect to any new claims

that may come out of the reissue, any defense by Spectronics that those claims are tainted by the alleged inequitable conduct in obtaining the old claims can be asserted later. If new claims emerge from the reissue, and if there is an issue of infringement by Spectronics, and if there is subsequent litigation, Spectronics can raise its claim of inequitable conduct at that time. The dismissal in this case would be without prejudice to Spectronics' right to raise inequitable conduct against new claims at a later date.

Prior to September 8, 1988 the PTO had dealt with inequitable conduct issues. However, on September 8, 1988 by an official notice, the PTO admitted that it was ill equipped to deal with these issues. Hence, it no longer investigates and rejects either original or reissue patent applications on the basis of inequitable conduct, but leaves these issues to the courts. 1095 O.G. 16-17; 1096 O.G. 19; and 1098 O.G. 502-503, reproduced at A-25 to A-29.

Because of Fuller's continuing patent threats, E.I. Du Pont de Nemours & Company ("Du Pont") had not purchased any fluorescent leak detection additive from Spectronics. But for Fuller's threats, Du Pont would have been Spectronics' largest customer for its fluorescent leak detection additives.

On June 20, 1990, Spectronics' counsel advised Du Pont's counsel, James G. Shipley, Esq., about the Statement Of Non Liability asserting "Manifestly, under the statement of Non Liability, any purchases by Du Pont from Spectronics are free from any charge of infringement under patent 4,758,366.", see letter reproduced at A-32.

On June 25, 1990, Mr. Shipley replied in a letter reproduced at A-34:

I have today advised my client, 'Freon' Products Division of Du Pont's Chemical and Pigments Department, that they are free to purchase and/or use fluorescent dyes without regard to the claims of U.S. Patent No. 4,758,366. I have also advised them that there is a chance that this patent may reissue with narrower claims and I have provided them with a copy of the new claims which have been submitted by H. B. Fuller for reissue examination.

At the hearing on Fuller's motion to dismiss on August 17, 1990, the District Court recognized that because of the Official Gazette notices, it alone could pass on Fuller's inequitable conduct, A-16:

MR. SEIDEL: But the case I am talking about, Your Honor, is not that case at all. It's the inequitable conduct which only this court can pass on.

THE COURT: Well, I grant you only I can, the question is whether I have jurisdiction to do it.

I must say you have presented your client's position as attractively as you possibly could. I don't tend to agree with you right now, although as a practical matter, I can understand the frustration because it does seem to me that the likelihood exists that there will be a continuing controversy ultimately resolved in the format of some Declaratory Judgment action or infringement action either here or someplace else. So there is that peculiarity of this case where there is a reasonable likelihood or apprehension of suit but not on these claims.

This statement was incorporated by reference in the Court's Order issued the same day, in which the Court stated, A-14: "For the reasons stated during the Court's extensive discussions with counsel on the record at oral argument held on August 17, 1990, defendants' motion to dismiss for lack of jurisdiction is GRANTED."

BASIS FOR JURISDICTION IN THE DISTRICT COURT

The District Court's jurisdiction in this declaratory judgment patent action is based upon 28 U.S.C. §§1331, 1338, 2201 and 2202.

ARGUMENT

This is a case of first impression. No appellate court, prior to the decision below, had addressed the issues of:

(a) The continuing jurisdiction for a declaratory judgment action originally filed due to *in terrorem* customer threats by the patentee, after the claims of a patent have been cancelled coupled with a non-liability statement, but also coupled with a reissue patent application directed to the same alleged invention, and the continuing usage of a patent marking which includes the patent number on the patentee's goods, or

(b) The refusal of the PTO to deal with fraudulent procurement in a reissue patent application when coupled with the dismissal of a federal court action which could have addressed this issue.

Fraudulent Patent Monopolies Have Far-Reaching Social And Economic Consequences

This Court has long recognized that improper patent monopolies have far reaching social and economic consequences, *Pope Mfg. Co. v. Gormully*, 144 U.S. 224 (1892). These social and economic consequences are of the utmost public interest.

The possession and assertion of patent rights are 'issues of great moment to the public. *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238, 246, ... A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the 'Progress of Science and useful Arts.' At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope.

Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co., 324 U.S. 806, 815-816 (1945).

This Court justified the application of Section 2 of the Sherman Act to fraudulently procured patent monopolies, because of this overriding public interest.

Under the decisions of this Court a person sued for infringement may challenge the validity of the patent on various grounds, including fraudulent procurement. . . . In fact, one need not await the filing of a threatened suit by the patentee; the validity of the patent may be tested under the Declaratory Judgment Act, 28 U.S.C. §2201 (1964 ed.). . . . At the same time, we have recognized that an injured party may attack the misuse of patent rights. . . . To permit recovery of treble damages for the fraudulent procurement of the patent coupled with violations of §2 accords with these long-recognized procedures. It would also promote the purposes so well expressed in *Precision Instrument, supra*, 324 U.S. at 816.

Walker Process Equipment, Inc. v. Food Machinery and Chemical Corporation, 382 U.S. 172, 176-177 (1965).

Indeed, the muzzling of those who would attack an invalid patent leads to the public paying tribute to monopolists without need or justification.

Surely the equities of the licensor [patentee] do not weigh very heavily when they are balanced against the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain. Licensees may often be the only individuals with enough economic incentive to challenge the patentability of an inventor's discovery. If they are muzzled, the public may continually be required to pay tribute to would be monopolists without need or justification.

Icar Inc. v. Adkins, 395 U.S. 653, 670 (1969).

Declaratory Judgment Jurisdiction Should Not Be Defeated When The Patentee Files A Reissue Patent Application Directed To The Same Subject Matter So That The Plaintiff Is Still Exposed To *In Terrorem* Attacks On Its Customers

Fuller's non liability statement and the cancellation of the claims of the '366 patent in the reissue patent application did not terminate Fuller's campaign of terror against Spectronics' customers. This is apparent from the Carlson letter of June 18, 1990, A-30 to A-31, and the June 25, 1990 letter from Du Pont's counsel, A-34.

The Declaratory Judgment Act, 28 U.S.C. §§2201, 2202, was enacted to eliminate similar conduct by patent owners. Chief Judge Markey, in *Arrowhead Industrial Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 734-735 (Fed.Cir. 1984), summarized the history that led to the Declaratory Judgment Act in patent cases:

This appeal presents a type of sad and saddening scenario that led to enactment of the Declaratory Judgment Act (Act), 28 U.S.C. §2201. In the patent version of that scenario, a patent owner engages in a *danse macabre*, brandishing a Damoclean threat with a sheathed sword. ... Guerrilla-like, the patent owner attempts extrajudicial patent enforcement with scare-the-customer-and-run tactics that infect the competitive environment of the business community with uncertainty and insecurity. ... Before the Act, competitors victimized by that tactic were rendered helpless and immobile so long as the patent owner refused to grasp the nettle and sue. After the Act, those competitors were no longer restricted to an *in terrorem* choice between the incurrence of a growing potential liability for patent infringement and abandonment of their enterprises; they could clear the air by suing for a judgment that would settle the conflict of interests.

846 F.2d 731, 734-735 (Fed.Cir. 1984).

In the case at bar, the original *in terrorem* campaign against Spectronics' customers continues by the usage of the patent marking containing the patent number on the patentee's goods.

This Court laid down the guidelines for declaratory judgment actions in patent cases in *Altwater v. Freeman*, 319 U.S. 359 (1943). The facts in *Altwater* were very close to those here present. Freeman's original patent had been litigated. Only three of the 26 claims of the original patent were held valid. Freeman had reissued his patent into two reissue patents. Licensees (petitioners) under the original patent sought relief from a Circuit Court ruling that when the District Court found no license agreement and no infringement, all other issues had become moot. The petitioners relied on their counterclaim for a declaratory judgment seeking to invalidate the reissue patents. In reversing the Circuit Court, Justice Douglas stated:

We have here not only bill and answer but a counterclaim. Though the decision of non-infringement disposes of the bill and answer, it does not dispose of the counterclaim which raises the question of validity.

*

*

*

"It was to lift the heavy hand of that tribute from the business that the counterclaim was filed. ... It was the function of the Declaratory Judgment Act to afford relief against such peril and insecurity. S. Rep. No. 1005, 73d Cong. 2d Sess. pp. 2-3.

319 U.S. 359 at 363 and 365.

The subject declaratory judgment complaint is the full equivalent of a counterclaim. *Akzona, Inc. v. E.I. Du Pont de Nemours & Co.*, 662 F. Supp. 603, 619 (D.Del. 1987).

The opinion below totally frustrates the purpose of the Declaratory Judgment Act. Fuller has a pending reissue patent application which is already pending over a year, and which Fuller may keep pending for many further years by an *ex parte* appeal to the PTO's Board of Patent Appeals and Interferences, and then to the Court of Appeals for the Federal Circuit. During these many years, Spectronics and its customers are faced with the uncertainty of a possible patent issuing on the reissue application, possible damages exposure under a reissue patent due to 35 U.S.C. §§251-252, and Spectronics' total inability to prove the fraudulent patent

procurement in the courts. Spectronics and its customers are continually reminded of Fuller's patent by the patent marking on Fuller's goods which includes the patent number. As a result, the "sad and saddening" scenario of Judge Markey has been restored.

Spectronics Has No Way To Address The Fraudulent Procurement Of The '366 Patent

The combination of the 1988 policy of the PTO of refusing to address fraudulent patent procurement when examining reissue patent applications and the opinion below has left Spectronics with no relief respecting the fraudulent procurement of the '366 patent.

While 37 C.F.R. §1.291, provides for protest by the public (which would include Spectronics) against pending reissue patent applications, this procedure is exceedingly limited. This was emphasized in the PTO notice from 1095 O.G. 16-17, (A-25). "The Court proceeding involves two participating adverse parties. This is not the case in the Office, since even 'protesting' parties are not permitted to participate under the Rules."

Fuller has shown the way for a fraudulent patent monopolist to avoid any determination of inequitable conduct by the filing of a non liability statement, and yet continue to be able to intimidate an industry by filing a reissue patent application and referring to the patent number in the patent marking on its widely sold goods. The PTO will refuse to address the issue of inequitable conduct and the courts will not have jurisdiction. This results in a mockery of the Declaratory Judgment Act and signals a return to the "sad and saddening scenario" recited by Chief Judge Markey in *Arrowhead*.

The PTO Cannot Purge The Fraudulent Procurement Of The '366 Patent

The futility of the prosecution of the reissue patent application in the PTO is underscored by repeated opinions of the Court of Appeals for the Federal Circuit holding that reissue is not available to rehabilitate a fraudulently procured patent. *Hoffman-La Roche*

Inc. v. Lemmon Co., 906 F.2d 684, 688-689 (Fed. Cir. 1990); *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 882 F.2d 1556, 1563-1564 fn 7 (Fed. Cir. 1989), *cert. denied* 110 S.Ct. 1125 (1990).

Either The PTO Or The Courts, Or Both, Must Deal With Inequitable Conduct When Presented

This Court in *Precision Instrument*, 324 U.S. at 818 unequivocally directed the PTO to take appropriate action when inequitable conduct is brought to its attention.

But it is clear that Automotive knew and suppressed facts that, at the very least, should have been brought in some way to the attention of the Patent Office, especially when it became evident that the interference proceedings would continue no longer. Those who have applications pending with the Patent Office or who are parties to Patent Office proceedings have an uncompromising duty to report to it all facts concerning possible fraud or inequitableness underlying the applications in issue. *Cf. Crites, Inc. v. Prudential Ins. Co.* 322 U.S. 408, 415. This duty is not excused by reasonable doubts as to the sufficiency of the proof of the inequitable conduct nor by resort to independent legal advice. Public interest demands that all facts relevant to such matters be submitted formally or informally to the Patent Office, which can then pass upon the sufficiency of the evidence. Only in this way can that agency act to safeguard the public in the first instance against fraudulent patent monopolies. Only in that way can the Patent Office and the public escape from being classed among the 'mute and helpless victims of deception and fraud.'

If the PTO is unequipped to handle inequitable conduct, then the courts must do so.

Because of 28 U.S.C. §1295, the Court of Appeals for the Federal Circuit's decision below is a national one, binding all future patent cases. Only this Court can rectify the impasse resulting from the Federal Circuit's opinion.

CONCLUSION

For the reasons herein set forth, certiorari should be granted.

Respectfully submitted,

SPECTRONICS CORPORATION

BY: _____

Arthur H. Seidel

Counsel of Record

SEIDEL, GONDA, LAVORGNA

& MONACO, P.C.

1800 Two Penn Center Plaza

Philadelphia, PA 19102

(215) 568-8383

Attorney for Petitioner

David N. Brainin

Of Counsel

LOCKER, GREENBERG & BRAININ

48th Floor

One Pennsylvania Plaza

New York, NY 10119

(212) 594-7000



(2)

No. **91-682**

Supreme Court, U.S.

FILED

OCT 25 1991

OFFICE OF THE CLERK

IN THE
SUPREME COURT OF THE UNITED STATES

October Term, 1991

SPECTRONICS CORPORATION,
Petitioner,
v.

H.B. FULLER COMPANY, INC. AND
H.B. FULLER AUTOMOTIVE PRODUCTS, INC.,
Respondents.

**PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

APPENDICES

Arthur H. Seidel
Counsel of Record
SEIDEL, GONDA, LAVORGNA
& MONACO, P.C.
1800 Two Penn Center Plaza
Philadelphia, PA 19102
(215) 568-8383
Attorney for Petitioner
Spectronics Corporation

David N. Brainin
Of Counsel
LOCKER, GREENBERG & BRAININ
48th Floor
One Pennsylvania Plaza
New York, NY 10119
(212) 594-7000



TABLE OF CONTENTS

APPENDIX ONE

Judgement of Court of Appeals for the Federal Circuit	A-1
--	-----

APPENDIX TWO

Opinion of Court of Appeals decided July 29, 1991	A-2
---	-----

APPENDIX THREE

Errata decided August 9, 1991	A-13
-------------------------------------	------

APPENDIX FOUR

Order filed August 17, 1990	A-14
-----------------------------------	------

APPENDIX FIVE

Page 28 from transcript of hearing of August 17, 1990	A-16
--	------

APPENDIX SIX

35 U.S.C. §§251-252	A-17
---------------------------	------

APPENDIX SEVEN

28 U.S.C. §§2201 and 2202	A-19
---------------------------------	------

APPENDIX EIGHT

37 C.F.R. §§1.56, 1.171 through 1.179, and 1.291	A-20
--	------

APPENDIX NINE

Notices from the Official Gazette of the U.S. Patent and Trademark Office, 1095 O.G. 16-17 (September 8, 1988); 1096 O.G. 19 (October 17, 1988); and 1098 O.G. 502-503 (December 8, 1988)	A-25
--	------

APPENDIX TEN

Letter from Alan G. Carlson, Esq. dated June 18, 1991 to Arthur H. Seidel	A-30
--	------

APPENDIX ELEVEN

Letter from Arthur H. Seidel, Esq. dated June 20, 1990 to James G. Shipley, Esq. of E.I. Du Pont de Nemours & Company	A-32
---	------

APPENDIX TWELVE

Letter from James G. Shipley, Esq. dated June 25, 1990 to Arthur H. Seidel, Esq.	A-34
--	------

APPENDIX THIRTEEN

28 U.S.C. §1295	A-35
-----------------------	------



A - 1
APPENDIX ONE

United States Court of Appeals for the Federal Circuit

91-1041

SPECTRONICS CORPORATION,
Plaintiff-Appellant,

v.

H. B. FULLER COMPANY, INC., and
H. B. FULLER AUTOMOTIVE PRODUCTS, INC.,
Defendants-Appellees.

Judgment

ON APPEAL from the United States District Court
[Eastern District of New York]

in CASE NO(S). 88-CV-3803

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

AFFIRMED

ENTERED BY ORDER OF THE COURT

DATED JUL 29 1991

Francis X. Gindhart

Francis X. Gindhart, Clerk

ISSUED AS A MANDATE: August 20, 1991

APPENDIX TWO

United States Court of Appeals for the Federal Circuit

91-1041

**SPECTRONICS CORPORATION,
Plaintiff-Appellant,**

v.

**H. B. FULLER COMPANY, INC., and
H. B. FULLER AUTOMOTIVE PRODUCTS, INC.,
Defendants-Appellees.**

DECIDED: July 29, 1991

**Before MICHEL, Circuit Judge, BENNETT, Senior Circuit Judge,
and CLEVINGER, Circuit Judge.**

CLEVINGER, Circuit Judge.

Spectronics Corporation (Spectronics) appeals the judgment of the United States District Court for the Eastern District of New York dismissing its action under the Declaratory Judgment Act, 28 U.S.C. § 2201 (1988), against H. B. Fuller Company, Inc., and H. B. Fuller Automotive Products, Inc., (collectively Fuller), for lack of an actual controversy. We affirm.

I

Spectronics manufactures and sells DYGLO-12, a fluorescent leak detection additive used in automotive air conditioning systems. United States Patent No. 4,758,366 (the '366 patent), [*2] assigned to Fuller, claims certain fluorescent dyes used to detect leaks in air conditioning and refrigeration systems. Fuller sent

letters to the industry in 1988 announcing the addition of the '366 patent to its growing family of patents and its developing "patent strategy" with respect to its tracer dye line of products. The letters did not refer to Spectronics' DYGLO-12 or any other competing products. Spectronics filed suit alleging that "an actual controversy exists" as to whether it was infringing the '366 patent claims, and that the purpose of Fuller's letters to the industry "was to intimidate both [Spectronics] and [Spectronics'] customers in that anyone making, using or selling 'DYGLO-12' would be liable for such activities under [the '366 patent]."

In its complaint, Spectronics asserted three causes of action: (1) entitlement to a declaratory judgment of invalidity or noninfringement of the claims of the '366 patent under the Declaratory Judgment Act, 28 U.S.C. § 2201 (1988); (2) federal antitrust violations under the Sherman Act, 15 U.S.C. § 2 (1988); and (3) tortious interference with business relations. Before filing its answer, Fuller moved to dismiss all three counts under Fed. R. Civ. P. 12. Fuller's motion was granted in part insofar as the parties stipulated to dismissal without prejudice of the antitrust and tortious interference counts, leaving at issue only the declaratory judgment count. Fuller then answered, filing a contingent counterclaim of patent infringement, and thereafter filed a second motion to dismiss the declaratory judgment action for lack of an actual controversy. During a hearing on that motion, Fuller [*3] presented the District Court with a declaration that the '366 patent had been submitted to the Patent and Trademark Office (PTO) for reissue. The District Court denied the second motion.

Eight days later, Fuller filed in the District Court a covenant not to sue Spectronics for infringement of the '366 patent claims. The covenant, styled a "Statement of Non Liability," provides:

Defendant, H.B. Fuller Company, Inc., has filed a reissue application to reissue U.S. Patent No. 4,758,366 cancelling claims 1-18 and seeking new claims.

Spectronics has no liability to Defendants or any successors-in-interest to U.S. patent No. 4,758,366 for infringement of claims 1-18 of U.S. Patent No. 4,758,366, and Defendants and any successors-in-interest to U.S. Patent

No. 4,758,366 will not sue Spectronics for infringement of claims 1-18 of U.S. Patent No. 4,758,366.

Fuller filed a third motion to dismiss for lack of an actual controversy, which was granted in a memorandum opinion and order that incorporated "the [District] Court's extensive discussions with counsel on the record at oral argument on August 17, 1990," as permitted by Fed. R. Civ. P. 52(a). Spectronics Corp. v. H.B. Fuller Co., CV 88-3803, slip op. at 1 (E.D.N.Y. Aug. 17, 1990) (incorporated oral argument and colloquy hereinafter cited as "Hearing Transcript"). In granting the third motion to dismiss, the District Court explained that:

[a]lthough this Court found on two previous occasions that a case or controversy existed in that plaintiff had shown the existence of facts underlying a "reasonable apprehension" that it would be sued for infringement of [the '366 patent claims], defendants' June 5, 1990 filing with the Patent and Trademark Office of a Reissue Application for this patent, taken in concert with its June 15, 1990, filing with this Court of a "Statement of Non-Liability," operate to divest this Court of jurisdiction over this matter. Although plaintiff Spectronics [*4] Corporation may be charged with infringement of the claims that may result from the reissue application, plaintiff cannot, on the record before this Court, demonstrate an objectively reasonable apprehension that it will face an infringement suit on the '366 patent.

Id.

II

The Declaratory Judgment Act provides, in pertinent part:

In a case of actual controversy within its jurisdiction, ... any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.

28 U.S.C. § 2201(a) (1988) (emphasis added).

The existence of an actual controversy is an absolute predicate for declaratory judgment jurisdiction. Grain Processing Corp. v. American Maise Products Co., 840 F.2d 902, 905, 5 USPQ2d 1788, 1791 (Fed. Cir. 1988). When there is no actual controversy, the court has no discretion to decide the case. When there is an actual controversy and thus jurisdiction, the exercise of that jurisdiction is discretionary. Public Serv. Comm'n v. Wycoff Co., 344 U.S. 237, 241 (1952); Arrowhead Indus. Water, Inc. v. Ecolochem, Inc., 846 F.2d 731, 735 n.6, 6 USPQ2d 1685, 1688 n.6 (Fed. Cir. 1988). Dismissal in this case was not based on a discretionary decision not to exercise jurisdiction, but was compelled by the District Court's conclusion that an actual controversy, and therefore jurisdiction, was altogether lacking.

Spectronics disputes none of the facts in the record, but argues the legal proposition that those facts established an actual controversy under the patent laws. In these circumstances, we [*5] review dismissal as a matter of law, keeping in mind that the District Court's "view of the legal effect of the fact pattern before it is not to be lightly disregarded." Arrowhead, 846 F.2d at 735, 6 USPQ2d at 1688.

The long established rule of law is that a declaratory judgment plaintiff must establish an actual controversy on the "totality of the circumstances." Maryland Casualty Co. v. Pacific Coal & Oil Co., 312 U.S. 270, 272, (1941); International Medical Prosthetics Research Assocs. v. Gore Enter. Holdings, Inc., 787 F.2d 572, 575, 229 USPQ 278, 280 (Fed. Cir. 1986); C.R. Bard, Inc. v. Schwartz, 716 F.2d 874, 880, 219 USPQ 197, 203 (Fed. Cir. 1983). In cases involving a declaratory judgment of patent noninfringement or invalidity, the test for determining whether an actual controversy exists is two-pronged. First, the accused infringer must have actually produced or prepared to produce an allegedly infringing product. Jervis B. Webb Co. v. Southern Sys., Inc., 742 F.2d 1388, 1398-99, 222 USPQ 943, 949 (Fed. Cir. 1984). The first prong "looks to the accused infringer's conduct and ensures that the controversy is sufficiently real and substantial." Lang v. Pacific Marine and Supply Co., 895 F.2d 761, 764, 13 USPQ2d 1820, 1822 (Fed. Cir. 1990) (citing Aetna Life Ins. Co. v. Haworth, 300 U.S. 227, 241, reh'g denied, 300 U.S. 687 (1937)). Second, the patent holder's conduct must create an objectively reasonable apprehension on the part of

the accused infringer that the patent holder will initiate suit if the allegedly infringing activity continues. Arrowhead, 846 F.2d at 736, 6 USPQ2d at 1689; Goodyear [*6] Tire and Rubber Co. v. Releasomers, Inc., 824 F.2d 953, 955, 3 USPQ2d 1310, 1311 (Fed. Cir. 1987); Indium Corp. v. Semi-Alloys, Inc., 781 F.2d 879, 228 USPQ 845 (Fed. Cir. 1985), cert. denied, 479 U.S. 820 (1986).

On appeal, Spectronics assigns error to the District Court's conclusion that Spectronics did not demonstrate an objectively reasonable apprehension of suit, asserting first that such apprehension should be measured at the time of filing of its complaint, and second, that the potential grant of a reissue patent manifestly places Spectronics at risk of further litigation on the subject matter contained in the specification of the '366 patent.

III

We first address the contention that dismissal was improper because declaratory judgment jurisdiction must be determined solely on the facts as they existed at the time the complaint was filed. Spectronics relies on Arrowhead, 846 F.2d at 734, 6 USPQ2d at 1687, which addresses the well-established rule that a party seeking a declaratory judgment must plead facts initially sufficient to establish the existence of an actual controversy.¹ In Arrowhead, a declaratory judgment plaintiff argued that a letter sent after the complaint was filed supported jurisdiction even if the original [*7] pleaded facts did not. This Court stated that "[t]he presence or absence of jurisdiction must be determined on the facts existing at the time the complaint under consideration was filed." Arrowhead, 846 F.2d at 734 n.2, 6 USPQ2d at 1687 n.2.

We agree wholeheartedly that in personam and subject matter jurisdictional facts must be pleaded, and proved when challenged,

¹ See also International Medical, 787 F.2d at 576 n.8, 229 USPQ at 281 n.8 ("[t]he basis for jurisdiction, i.e., facts showing a justiciable controversy, and notice of the case to be tried should be found in the complaint"). Cf. Maryland Casualty Co. v. Pacific Coal & Oil Co., 312 U.S. 270, 273 (1941) (complaint must demonstrate that "the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment").

and that later events may not create jurisdiction where none existed at the time of filing. Thus, well-pleaded jurisdictional facts, such as diversity of citizenship, cannot be ousted by subsequent events. Mollan v. Torrance, 6 U.S. (1 Wheat.) 172, 173 (1824) (changed residence of a party did not defeat jurisdiction because "the jurisdiction of the court depends upon the state of things at the time of the action brought, and after vesting, it cannot be ousted by subsequent events"). Although Spectronics correctly states the rule of law requiring that such jurisdictional facts sufficient to support declaratory judgment jurisdiction be alleged in the well-pleaded complaint, application of that rule does not conclude the inquiry, since facts sufficient to vest jurisdiction initially may remain immutable where no justiciable controversy survives.

"Article III of the Constitution requires that there be a live case or controversy at the time that a federal court decides the case." Amstar Corp. v. Envirotech Corp., 823 F.2d 1538, 1549, 3 USPQ2d 1412, 1420 (Fed. Cir. 1987) (quoting Burke v. Barnes, 479 U.S. 361, 363 (1987)). Moreover, "[a]n actual controversy must be extant at all stages of review, not merely at the time the [*8] complaint is filed." Preiser v. Newkirk, 422 U.S. 395, 401 (1975) (quoting Steffel v. Thompson, 415 U.S. 452, 459, n.10 (1974)).² The Declaratory Judgment Act, "in its limitation to 'cases of actual controversy,' manifestly has regard to the constitutional provision and is operative only in respect to controversies which are such in the constitutional sense." Aetna Life Ins. Co. v. Haworth, 300 U.S. 227, 239-40, reh'g denied, 300 U.S. 687 (1937). Thus, declaratory judgment jurisdiction at any stage of litigation is limited to "the determination of controversies to which under the constitution the judicial power extends." Id. at 240.

Mootness is "one of the doctrines that clusters about Article III, to define further the case-or-controversy requirement that limits the federal judicial power in our system of government." McKinney v. U.S. Dep't of Treasury, 799 F.2d 1544, 1549, 4 Fed. Cir. (T) 103,

² See also Jervis B. Webb Co. v. Southern Sys., Inc., 742 F.2d 1388, 1398 n.6, 222 USPQ 943, 949 n.6 (Fed. Cir. 1984); Grain Processing Corp. v. American Maise-Products Co., 840 F.2d 902, 905-906, 5 USPQ2d 1788, 1791 (Fed. Cir. 1988) (quoting Preiser v. Newkirk, *supra*, for proposition that actual controversy must be extant at all stages of review in declaratory judgment action involving patent).

106 (1986) (citation omitted); see North Carolina v. Rice, 404 U.S. 244, 246 (1971) (mootness is a jurisdictional question because federal courts are "not empowered to decide moot questions or abstract propositions") (citation omitted)); see also United States v. Munsingwear, Inc., 340 U.S. 36, 39 (1950).

The exercise of judicial power under Article III depends at all times on the existence of a case or controversy. The burden is on Spectronics "to establish that jurisdiction over its [*9] declaratory judgment action existed at, and has continued since, the time the complaint was filed." International Medical, 787 F.2d at 575, 229 USPQ at 281 (emphasis added); see also Grain Processing, 840 F.2d at 904, 5 USPQ2d at 1791 (no actual controversy existed to support declaratory judgment with respect to certain patent claims, where patent holder abandoned allegation of infringement of those claims prior to trial and there was no threat of future suit). Thus, the District Court properly considered post-filing events in its evaluation of continuing jurisdiction.

IV

We must therefore consider whether the District Court was wrong in concluding that post-filing events rendered moot the controversy in the instant action. Neither party disputes that, under ordinary circumstances, Spectronics' production of DYGL-12 would potentially infringe the claims of the '366 patent. However, with admirable candor, counsel for Spectronics stated his opinion that in view of the statement of non liability, the '366 patent claims could never be enforced against Spectronics. Hearing Transcript at 11-12. We agree that, in view of the statement of non liability, Fuller is forever estopped from asserting the '366 patent claims against Spectronics. Having requested a declaration of non-infringement of the '366 patent claims, Spectronics for all practical purposes has won the case pleaded in its complaint.

Spectronics contends, however, that the potential grant of a reissue patent manifestly places it at risk of further litigation [*10] on the subject matter contained in the specification of the '366 patent, which Spectronics believes will reappear in the claims of the reissue patent and form the basis for threatened or actual litigation against it. Spectronics refers us to a letter it received from Fuller's

counsel, which accompanied the statement of non liability. That letter reiterated that "Fuller has clearly and unequivocally stated that there is no liability by Spectronics for infringement of the claims that are presently in the patent," but also indicated that "[i]f new claims emerge from the reissue [proceeding], and if there is an issue of infringement by Spectronics, and if there is subsequent litigation," Spectronics would be free to raise a specified defense. Thus, argues Spectronics, while the reissue application is pending before the PTO, "the '366 patent is merely in limbo, and may be resurrected at some future time, albeit in reduced form."

There is, however, no guarantee that the reissue patent will eventually issue. 37 C.F.R. § 1.178 (1990) ("[i]f a reissue be refused, the original patent will be returned to applicant upon his request"); see State Indus., Inc. v. A.O. Smith Corp., 751 F.2d 1226, 1236, 224 USPQ 418, 425 (Fed. Cir. 1985) (ultimate fate and legal effect of pending patent application is inherently uncertain). Furthermore, even if Spectronics had an objectively reasonable apprehension about a future suit based upon the reissue patent, we would be compelled to affirm the District Court's dismissal because Spectronics can not demonstrate that its present activity is potentially infringing of any patent claims, since it[*11] is immune to suit under the claims of the '366 patent, and no reissue patent claims yet exist by which infringement vel non can be measured.

There are sensible reasons why the existence of issued patent claims, presently enforceable against Spectronics, are a requisite to litigation of a declaratory judgment action. The claims of the patent are the subject matter of the suit; they are sought to be declared invalid or non-infringed. The allegedly infringing product is to be measured against the claims set forth in the patent. Jervis B. Webb Co., 742 F.2d at 1399, 222 USPQ at 949 (the existence of an actual controversy must be evaluated by a claim-by-claim analysis of the patent). Spectronics is required to demonstrate that it is engaged in potentially infringing conduct, such that it "has a true interest to be protected by the declaratory judgment." Arrowhead, 846 F.2d at 736, 6 USPQ2d at 1689; see Lang, 895 F.2d at 764, 13 USPQ2d at 1822 (potential infringer in declaratory judgment action must be "engaged in an activity directed toward making, selling, or using subject to an infringement charge under 35 U.S.C. § 271(a)"). Before a patent issues, and during the pendency of a patent

application. in the PTO, the courts have no claims by which to gauge an alleged infringer's conduct. See Gustafson Inc. v. Intersystems Indus. Prod. Inc., 897 F.2d 508, 511, 13 USPQ2d 1972, 1975 (Fed. Cir. 1990)("[i]n our patent system, patent applications are secret").

Before issuance, what the scope of claims will be "is something totally unforeseeable." State Indus., 751 F.2d at 1236, [*12] 224 USPQ at 425. The lack of any certainty as to the content of claims in the reissue patent was clearly understood in the District Court:

THE COURT: So what you're saying ... is that there will come a day almost assuredly as — what's the expression — God makes green apples, or something like that — that we will be fighting over a patent and the series of claims. What those claims are, however, we don't yet know, do we?

COUNSEL FOR SPECTRONICS: That is correct.

THE COURT: We have a pretty good idea but we don't know the precise dimension of what this controversy will eventually evolve into. Correct?

COUNSEL FOR SPECTRONICS: That is correct.

Hearing Transcript at 15.

Spectronics also contends that the reissue application supports jurisdiction because any claims that reissue will be "a vestige of" the '366 patent claims. Under 35 U.S.C. § 252 (1988)³ [*13] and our case law, when original claims are reissued without substan-

³ Section 252 provides, in pertinent part:

The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent, to the extent that its claims are identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent.

continued ...

tive change, they are generally enforceable from the date the original patent was granted. Kaufman Co. v. Lantech Inc., 807 F.2d 970, 976, 1 USPQ2d 1202, 1206-07 (Fed. Cir. 1986); Seattle Box Co. v. Industrial Crating & Packing, Inc., 731 F.2d 818, 827, 221 USPQ 568, 574-75 (Fed. Cir. 1984). New or amended claims are enforceable only from the date of reissue, and, as stated by Pasquale J. Federico, "[t]he specific things made before the date of the reissue, which infringe the new reissue claims, are absolutely free of the reissued patent and may be used or sold after the date of reissue without regard to the patent." P.J. Federico, Commentary on the New Patent Act, 35 U.S.C.A. 1, 46 (1954).

Beneath Spectronics' contention appears to lie the argument that it could be held liable for its current allegedly infringing activity if any of the reissue claims are "identical" to the original claims within the meaning of § 252. However, § 252 also provides that identical reissue claims "shall constitute a continuation" of the original claims, and that surrender of the original claims upon reissuance of identical claims "shall not affect any action then pending nor abate any cause of action then existing." In the instant case, Fuller asserted in the statement of non liability that Spectronics "has no liability to [Fuller] for infringement of claims 1-18 of [the '366 patent]," and unequivocally reiterated in its letter accompanying the statement that "there is no liability by Spectronics for infringement" of [*14] those claims. In addition, Fuller "released Spectronics from any liability with respect to the claims of the '366 patent. This includes past products, current products or products contemplated in the future. Because Spectronics has been absolved from liability on all the claims of the .366 patent, there will be no future confrontation with respect to them." Brief for Appellees at 28, Spectronics Corp. v. H.B. Fuller Co., No. 91-1041 (Fed. Cir. filed Feb. 7, 1991).

³ Continued... No reissued patent shall abridge or affect the right of any person or his successors in business who made, purchased or used prior to the grant of a reissue anything patented by the reissued patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, unless the making, using or selling of such thing infringes a valid claim of the reissued patent which was in the original patent.

Although Spectronics may have some cause to fear a suit for future infringement of substantively non-identical claims after reissue, it has no cause for concern that it can be held liable for practicing the invention claimed in the '366 patent. As to that invention, Fuller is estopped by its statement of non liability, on its face and as explained by Fuller, from asserting liability for the making, selling or using of any Spectronics' product that would infringe the claims of the '366 patent.

V

In sum, the District Court did not err in concluding that post-filing events rendered moot the controversy in this case. To proceed would "involve the court in rendering a forbidden advisory opinion." Arrowhead, 846 F.2d at 735, 6 USPQ2d at 1688.

Having duly considered and rejected Spectronics' other arguments on appeal, we affirm the judgment of the District Court granting Fuller's motion to dismiss for lack of jurisdiction.

AFFIRMED

APPENDIX THREE

United States Court of Appeals for the Federal Circuit

ERRATA

August 9, 1991

Appeal No. 91-1041, Spectronics Corporation v. H.B. Fuller Company, Inc. and H.B. Fuller Automotive Products, Inc.

Published Opinion

Decided: July 29, 1991

Please make the following change:

Page 11, lines 22-24: delete "See Gustafson Inc. v. Intersystems Indus. Prod. Inc., 897 F.2d 508, 511, 13 USPQ2d 1972, 1975 (Fed. Cir. 1990) ("i]n our patent system, patent applications are secret")."

APPENDIX FOUR

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SPECTRONICS CORPORATION
Plaintiff,

—against—

H.B. FULLER COMPANY, INC.
AND H.B. FULLER AUTOMOTIVE
PRODUCTS, INC.,
Defendants.

DEARIE, District Judge.

For the reasons stated during the Court's extensive discussions with counsel on the record at oral argument held on August 17, 1990, defendants' motion to dismiss for lack of jurisdiction is GRANTED. Although this Court found on two previous occasions that a case or controversy existed in that plaintiff had shown the existence of facts underlying a "reasonable apprehension" that it would be sued for infringement of U.S. Patent No. 4,758,366 (the "366 patent"), defendants' June 5, 1990 filing with the Patent and Trademark Office of a Reissue Application for this patent, taken in concert with its June 15, 1990, filing with this Court of a "Statement of Non-Liability," operate to divest this Court of jurisdiction over this matter. Although plaintiff Spectronics Corporation may be charged with infringement of the claims that may result from the reissue application, plaintiff cannot, on the record before this Court, demonstrate an objectively reasonable apprehension that it will face an infringement suit on the '366 patent. Accordingly, this Court finds that plaintiff has failed to demonstrate under the totality of the circumstances the existence of facts underlying its allegation that an actual controversy currently exists satisfying the requirements of the Declaratory Judgement Act. Arrowhead Industrial Water, Inc. v. Ecolochem, Inc., 846 F 2d 731 (Fed. Cir. 1988); see also Preiser v. Newkirk, 422 U.S. 395, 401 (1975) (actual

A - 15

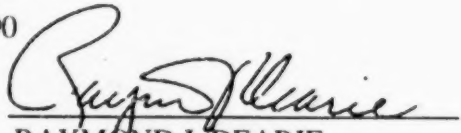
controversy must be extant at all stages of review, not merely at the time complaint is filed).

The Clerk of the Court is directed to enter judgement in favor of defendants.

SO ORDERED.

Dated: Brooklyn, New York

August 17, 1990

A handwritten signature in cursive script, appearing to read "Raymond J. Dearie", written over a horizontal line.

RAYMOND J. DEARIE

United States District Judge

APPENDIX FIVE

28

MR. SEIDEL: But the case I am talking about, Your Honor, is not that case at all. It's the inequitable conduct which only this court can pass on.

THE COURT: Well, I grant you only I can, the question is whether I have jurisdiction to do it.

I must say you have presented your client's position as attractively as you possibly could. I don't tend to agree with you right now, although as a practical matter, I can understand the frustration because it does seem to me that the likelihood exists that there will be a continuing controversy ultimately resolved in the format of some Declaratory Judgement action or Infringement action either here or someplace else. So there is that peculiarity of this case where there is a reasonable likelihood or apprehension of suit but not on these claims.

Alright, gentlemen, I have to move on and I thank you for your arguments and your submissions and I will issue an order shortly.

Thank you, gentlemen.

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above entitled matter.

Carla Nutter
Signature of Transcriber

8/23/90
Date

APPENDIX SIX

§ 251. Reissue of defective patents

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

The Commissioner may issue several reissued patents for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued patents.

The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent, except that application for reissue may be made and sworn to by the assignee of the entire interest if the application does not seek to enlarge the scope of the claims of the original patent.

No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent.

§ 252. Effect of reissue

The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action

then existing, and the reissued patent, to the extent that its claims are identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent.

No reissued patent shall abridge or affect the right of any person or his successors in business who made, purchased or used prior to the grant of a reissue anything patented by the reissued patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, unless the making, using or selling of such thing infringes a valid claim of the reissued patent which was in the original patent. The court before which such matter is in question may provide for the continued manufacture, use or sale of the thing made, purchased or used as specified, or for the manufacture, use or sale of which substantial preparation was made before the grant of the reissue, and it may also provide for the continued practice of any process patented by the reissue, practiced, or for the practice of which substantial preparation was made, prior to the grant of the reissue, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue.

APPENDIX SEVEN

Chapter 151 — Declaratory Judgements

Sec.

2201. Creation of remedy.

2202. Further relief.

§ 2201. Creation of remedy

(a) In a case of actual controversy within its jurisdiction, except with respect to Federal taxes other than actions brought under section 7428 of the Internal Revenue Code of 1986, a proceeding under section 505 or 1146 of title 11, or in any civil action involving an antidumping or countervailing duty proceeding regarding a class or kind of Canadian merchandise, as determined by the administering authority, any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgement or decree and shall be reviewable as such.

*

*

*

§ 2202. Further relief

Further necessary or proper relief based on a declaratory judgement or decree may be granted, after reasonable notice and hearing, against any adverse party whose rights have been determined by such judgement.

APPENDIX EIGHT**§1.56 Duty of disclosure; fraud; striking or rejection of applications.**

(a) A duty of candor and good faith toward the Patent and Trademark Office rests on the inventor, on each attorney or agent who prepares or prosecutes the application and on every other individual who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application. All such individuals have a duty to disclose to the Office information they are aware of which is material to the examination of the application. Such information is material where there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent. The duty is commensurate with the degree of involvement in the preparation or prosecution of the application.

(b) Disclosures pursuant to this section must be accompanied by a copy of each foreign patent document, non-patent publication, or other non-patent item of information in written form which is being disclosed or by a statement that the copy is not in the possession of the person making the disclosure and may be made to the Office through an attorney or agent having responsibility for the preparation or prosecution of the application or through an inventor who is acting in his or her own behalf. Disclosure to such an attorney, agent or inventor shall satisfy the duty, with respect to the information disclosed, of any other individual. Such an attorney, agent or inventor has no duty to transmit information which is not material to the examination of the application.

* * *

§1.171 Application for reissue.

An application for reissue must contain the same parts required for an application for an original patent, complying with all the rules relating thereto except as otherwise provided, and, in addition, must comply with the requirements of the rules relating to reissue applications. The application must be accompanied by a certified copy of an abstract of title or an order for a title report accompanied by the fee set forth in §1.19(b)(6), to be placed in the file, and by an offer to surrender the original patent (§1.178).

[54 FR 6903, Feb. 15, 1989; 54 FR 9432, Mar. 7, 1989]

§1.172 Applicants, assignees.

(a) A reissue oath must be signed and sworn to or declaration made by the inventor or inventors except as otherwise provided (see §§ 1.42, 1.43, 1.47), and must be accompanied by the written assent of all assignees, of any, owning an undivided interest in the patent, but a reissue oath may be made and sworn to or declaration made by the assignee of the entire interest if the application does not seek to enlarge the scope of the claims of the original patent.

(b) A reissue will be granted to the original patentee, his legal representatives or assigns as the interest may appear.

(35 U.S.C. 6, Pub. L. 97-247)

[24 FR 10332, Dec. 22, 1959, as amended at 48 FR 2713, Jan. 20, 1983]

§1.173 Specification.

The specification of the reissue application must include the entire specification and claims of the patent, with the matter to be omitted by reissue enclosed in square brackets; and any additions made by the reissue must be underlined, so that the old and the new specifications and claims may be readily compared. Claims should not be renumbered and the numbering of claims added by reissue should follow the number of the highest numbered patent claim. No new matter shall be introduced into the specification.

§1.174 Drawings.

(a) The drawings upon which the original patent was issued may be used in reissue applications if no changes whatsoever are to be made in the drawings. In such cases, when the reissue application is filed, the applicant must submit a temporary drawing which may consist of a copy of the printed drawings of the patent or a photoprint of the original drawings of the size required for original drawing.

(b) Amendments which can be made in a reissue drawing, that is, changes from the drawing of the patent, are restricted.

(36 U.S.C. 6, Pub. L. 97-247)

[24 FR 10332, Dec. 22, 1959, as amended at 48 FR 2713, Jan. 20, 1983]

§1.175 Reissue oath or declaration.

(a) Applicants for reissue, in addition to complying with the requirements of § 1.63, must also file with their applications a statement under oath or declaration as follows:

(1) When the applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reasons why.

(2) When it is claimed that such patent is so inoperative or invalid "by reason of a defective specification or drawing," particularly specifying such defects.

(3) When it is claimed that such patent is inoperative or invalid "by reason of the patentee claiming more or less than he had the right to claim in the patent," distinctly specifying the excess or insufficiency in the claims.

(4) [Reserved]

(5) Particularly specifying the errors relied upon, and how they arose or occurred.

(6) Stating that said errors arose "without any deceptive intention" on the part of the applicant.

(7) Acknowledging a duty to disclose information applicant is aware of which is material to the examination of the application.

(b) Corroborating affidavits or declarations of others may be filed and the examiner may, in any case, require additional information or affidavits or declarations concerning the application for reissue and its object.

(35 U.S.C. 6, Pub. L. 97-247)

[24 FR 10332, Dec. 22, 1959, as amended at 29 FR 18503, Dec. 29, 1964; 34 FR 18857, Nov. 26, 1969; 47 FR 21752, May 19, 1982; 48 FR 2713, Jan. 20, 1983]

§1.176 Examination of reissue.

An original claim, if re-presented in the reissue application, is subject to reexamination, and the entire application will be examined in the same manner as original applications, subject to the rules relating thereto, excepting that division will not be required. Applications for reissue will be acted on by the examiner in advance of other applications, but not sooner than two months after announcement of the filing of the reissue application has appeared in the *Official Gazette*.

[42 FR 5595, Jan. 28, 1977]

§1.177 Reissue in divisions.

The Commissioner may, in his or her discretion, cause several patents to be issued for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for each division. Each division of a reissue constitutes the subject of a separate specification descriptive of the part or parts of the invention claimed in such division; and the drawing may represent only such part or parts, subject to the provisions of §§ 1.83 and 1.84. On filing divisional reissue applications, they shall be referred to the Commissioner. Unless otherwise ordered by the Commissioner upon petition and payment of the fee set forth in § 1.17(i)(1), all the divisions of a reissue will issue simultaneously; if there be any controversy as to one division, the other will be withheld from issue until the controversy is ended, unless the Commissioner shall otherwise order.

[54 FR 6903, Feb. 15, 1989; 54 FR 9432, Mar. 7, 1989]

§1.178 Original patent.

The application for a reissue must be accompanied by an offer to surrender the original patent. The application should also be accompanied by the original patent, or if the original is lost or inaccessible, by an affidavit or declaration to that effect. The application may be accepted for examination in the absence of the original patent or the affidavit or declaration, but one or the other must be supplied before the case is allowed. If a reissue be refused, the original patent will be returned to applicant upon his request.

[24 FR 10332, Dec. 22, 1959, as amended at 34 FR 18857, Nov. 26, 1969]

§1.179 Notice of reissue application.

When an application for a reissue is filed, there will be placed in the file of the original patent a notice stating that an application for reissue has been filed. When the reissue is granted or the reissue application is otherwise terminated, the fact will be added to the notice in the file of the original patent.

PROTESTS AND PUBLIC USE PROCEEDINGS

§1.291 Protests by the public against pending applications.

(a) Protests by a member of the public against pending applications will be referred to the examiner having charge of the subject matter involved. A protest specifically identifying the application to which the protest is directed will be entered in the application file if (1) the protest is timely submitted; and (2) the protest is either served upon the applicant in accordance with § 1.248, or filed with the Office in duplicate in the event service is not possible.

(b) A protest submitted in accordance with the second sentence of paragraph (a) of the section will be considered by the Office if it includes (1) a listing of the patents, publications or other information relied upon; (2) a concise explanation of the relevance of each listed item; (3) a copy of each listed patent or publication or other item of information in written form or at least the pertinent portions thereof; and (4) an English language translation of all the necessary and pertinent parts of any non-English language patent, publication, or other item of information in written form relied upon.

(c) An acknowledgement of the entry of a protest under paragraph (a) of this section in a reissue application file will be sent to the member of the public filing the protest. A member of the public filing a protest under paragraph (a) of this section in an application for the original patent will not receive any communications from the Office relating to the protest, other than the return of a self-addressed postcard which the member of the public may include with the protest in order to receive an acknowledgment by the Office that the protest has been received. The Office will communicate with the applicant regarding any protest entered in the application file and may require the applicant to supply information pursuant to paragraph (a) of § 1.56, including responses to specific questions raised by the protest, in order for the Office to decide any issues raised by the protest. The active participation of the member of the public filing a protest pursuant to paragraph (a) of this section ends with the filing of the protest and no further submission on behalf of the protestor will be acknowledged or considered unless such submission raises new issues which could not have been earlier presented, and thereby constitutes a new protest.

APPENDIX NINE

1095 O.G. 16-17

September 8, 1988

**Patent and Trademark Office
Implementation of 37 CFR 1.56**

The Patent and Trademark Office has been reviewing, and discussing in conjunction with various private sector groups, its implementation of 37 CFR 1.56 which deals with the duty of disclosure and inequitable conduct. Determination of inequitable conduct issues requires an evaluation of the intent of the party involved. While some court decisions have held that intent may be inferred in some circumstances, consideration of good faith of the party, or lack thereof, is often required. In several recent court decisions, a high level of proof of intent to mislead the Office was required in order to prove inequitable conduct under 37 CFR 1.56. See *In re Harita*, 847 F.2d 801, 6 USPQ2d 1930 (Fed. Cir. 1988) and *FMC Corp. v. Manitowoc Co. Inc.*, 835 F.2d 1411, 5 USPQ2d 1112 (Fed. Cir. 1988).

The Office is not the best forum in which to determine whether there was an "intent to mislead", such intent is best determined when the trier of facts can observe demeanor of witnesses subjected to cross-examination. The Office is not presently equipped to handle live testimony. Modifying Office procedures to do so would not be an effective utilization of resources. A court, with subpoena power, is presently the best forum to consider duty of disclosure issues under the present evidentiary standard for finding an "intent to mislead". The court proceeding involves two participating adverse parties. This is not the case in the Office, since even "protesting" parties are not permitted to participate under the Rules. Also, it is the courts and not the Office that are in the best position to fashion an equitable remedy to fit the precise facts in those cases where inequitable conduct is established. Furthermore, inequitable conduct is not set by statute as a criteria for patentability but rather is a judicial application of the doctrine of unclean hands which is appropriate to be handled by the courts rather than by an administrative body. Because of the lack of tools

in the Office to deal with this issue and because of its sensitive nature and potential impact on a patent, Office determinations generally will not deter subsequent litigation of the same issue in the courts on appeal or in separate litigation. Office determinations significantly add to the expense and time involved in obtaining a patent with little or no benefit to the patent owner or any other parties with an interest.

Accordingly, the Office will no longer investigate and reject original or reissue applications under 37 CFR 1.56 and to the extent 37 CFR 1.56 now requires the Office to do so, it is hereby waived. Likewise, the Office will not comment upon duty of disclosure issues which are brought to the attention of the Office in original or reissue applications except to note in the application, in appropriate circumstances, that such issues are no longer considered by the Office during its examination of patent applications. Examination of lack of deceptive intent in reissue applications will continue but without any investigation of inequitable conduct issues. Applicant's statement of lack of deceptive intent normally will be accepted as dispositive except in special circumstances such as an admission or judicial determination of fraud or inequitable conduct.

The duty of disclosure requirements set forth in 37 CFR 1.56(a) will remain in effect pending modification by rulemaking procedure. The Office plans to propose a change in the standard of the duty of disclosure with respect to information to be submitted which an individual knows or should have known would render unpatentable any pending claim in an application. This would replace the present requirement to submit information which there is a substantial likelihood a reasonable examiner would consider important in deciding whether to allow an application to issue as a patent. The Office also plans to propose that 37 CFR 1.97-1.99 concerning information disclosure statements be modified to clarify the manner and time for submission of information to the Office for consideration in an application. Further, the Office has already indicated its support for legislation proposed by Congressman Kastenmeier in H.R. 4086 with certain clarifying changes.

This change in practice will not reduce incentives to disclose information to the Office promptly. A judicial finding of inequitable conduct or fraud will still render a patent unenforceable or invalid.

Therefore, applicants will still be encouraged to comply with the Rule, as applied by the courts. Practitioners found to have participated in inequitable conduct or fraud shall be subject to disciplinary proceedings. 37 CFR Part 10.

Any response due to an outstanding requirement for information regarding the duty of disclosure or rejection under 37 CFR 1.56 may merely make reference to the change in practice set forth in this Notice. Such a response will be considered complete if timely filed. A paper will then be mailed and placed of record merely noting that the Office no longer examines patent applications for compliance with 37 CFR 1.56.

Applications in which there is no outstanding requirement for information regarding the duty of disclosure or outstanding rejection under 37 CFR 1.56, but in which a duty of disclosure issue has been noted on the record, will have a paper placed in the record and mailed to the applicant terminating consideration of the duty of disclosure issue and noting that the Office no longer examines patent applications for compliance with 37 CFR 1.56. Thereafter, no further action will be undertaken by the Office regarding the duty of disclosure issue.

The Board of Patent Appeals and Interferences will henceforce not review any rejection under 37 CFR 1.56 but will treat the rejection as withdrawn and merely note that the Office no longer examines patent applications for compliance with 37 CFR 1.56.

Questions regarding this change of practice may be directed to the Special Program Examination Unit at (703) 557-8384.

Sept. 8, 1988

DONALD J. QUIGG
*Assistant Secretary and
Commissioner of Patents
and Trademarks.*

1096 O.G. 19

October 17, 1988

**Further Clarification on Patent and Trademark
Office Implementation of 37 CFR 1.56**

This notice is intended to provide further clarification to the O.G. Notice titled "Patent and Trademark Office Implementation of 37 CFR 1.56", published on Oct. 11, 1988 at 1095 O.G. 16.

As indicated in the previous notice, for a number of reasons, the Patent and Trademark Office will no longer investigate and reject original or reissue applications under 37 CFR 1.56 and will not comment upon duty of disclosure issues, which are brought to the attention of the Office, except to note in the application, in appropriate circumstances, that such issues are no longer considered by the Office during its examination of patent applications.

Further, the Office will also not consider duty of disclosure issues in interferences declared pursuant to 35 U.S.C. 135. Duty of disclosure issues which are raised by the parties in an interference will not be commented upon by the Examiner-in-Chief except to note that such issues are no longer considered by the Office. The policy is considered proper for the same reasons previously set forth regarding ex parte cases. Even though interferences are inter partes proceedings, the Office does not take live testimony where the demeanor of witnesses subjected to cross-examination can be observed.

Duty of disclosure issues which exist in pending interferences will not be decided but it merely will be noted that the Office no longer considers such issues.

Oct. 17, 1988

DONALD J. QUIGG
*Assistant Secretary and
Commissioner of Patents
and Trademarks.*

1098 O.G. 502-503

December 8, 1988

**Patent and Trademark Office Implementation of
37 CFR 1.28(d) and 1.56(c), (f) and (g)**

This notice supplements the Official Gazette Notices relating to the implementation of 37 CFR 1.56 published at 1095 Official Gazette 16 (Oct. 11, 1988) and 1096 Official Gazette 19 (Nov. 8, 1988) which announced that the Office will no longer investigate and reject original or reissue applications under 37 CFR 1.56.

With regard to 37 CFR 1.28(d), it will still be considered as fraud attempted or practiced on the Office either to attempt to fraudulently (1) establish status as a small entity or (2) pay fees as a small entity or to improperly and through gross negligence (1) establish status as a small entity or (2) pay fees as a small entity. The rule, however, makes reference to 37 CFR 1.56(d) but the Office no longer investigates or rejects original or reissue applications under 37 CFR 1.56(d). Therefore, the Office will accept payment of fee deficiencies under 37 CFR 1.28 but will just note in such cases that the Office no longer investigates and rejects applications under 37 CFR 1.56.

With regard to 37 CFR 1.56(c), (f) and (g), after further review of Office practice, it has been determined that the same reasons set forth in the Official Gazette Notices cited above also apply to the investigating and striking of applications for defects in the manner in which the application was executed by the signing of an oath or declaration pursuant to 37 CFR 1.63. It is no longer considered appropriate for the Office to expend the resources required to investigate such issues and to consider striking the applications involved. The resolution of such issues involves the difficult process of determining the intent of the parties and the facts surrounding the execution of the applications. Since Feb. 27, 1983, an application may be filed without an executed oath or declaration and still be granted a filing date as to the subject matter disclosed and claimed. Therefore, while the defects in execution described in 37 CFR 1.56(c) are not condoned, it is appropriate to allow the filing of a new oath or declaration pursuant to 37 CFR 1.63 and the payment of the surcharge under 37 CFR 1.16(e) for filing an oath or declaration later than the filing date of the application without action under 37 CFR 1.56(c), (f) or (g) by the office.

APPENDIX TEN

MERCHANT & GOULD

3100 Norwest Center
90 South Seventh Street
Minneapolis, Minnesota
U.S.A. 55402
FAX 612/332-9081
Telex 290593 M&G Mps
612/332-5300

VIA FACSIMILE

June 18, 1990

Arthur Seidel
Seidel, Gonda, Lavorgna & Monaco
1800 Two Penn Center Plaza
Philadelphia, PA 19102

RE: Spectronics v. H. B. Fuller Co., Inc.
M&G: 2735.531-US-AA

Dear Art:

Enclosed are copies of a Statement of Non Liability and our letter to Judge Dearie, both of which are being hand delivered today.

Given that Fuller has clearly and unequivocally stated that there is no liability by Spectronics for infringement of the claims that are presently in the patent, I am writing to ask you to agree to dismiss the entire case and forgo any costly, formal motions and briefing on the issue. The Statement of Non Liability eliminates any case or controversy with respect to liability for damages or an injunction. This litigation could only declare claims invalid which have already been cancelled. Therefore, there is no purpose for this litigation.

In the past, you have stated your concern that the reissue proceeding cannot deal with the inequitable conduct issue. However, inequitable conduct is now a moot issue. Indium Corp. of

America v. Semi-Alloys, Inc., 781 F.2d 879 , 884 (Fed. Cir. 1985), cert denied, 479 U.S. 820 (1986). With respect to the original claims, claims 1-18, those have been cancelled and the Statement of Non Liability precludes any liability by Spectronics. With respect to any new claims that may come out of the reissue, any defense by Spectronics that those claims are tainted by the alleged inequitable conduct in obtaining the old claims can be asserted later. If new claims emerge from the reissue, and if there is an issue of infringement by Spectronics, and if there is subsequent litigation, Spectronics can raise its claim of inequitable conduct at that time. The dismissal in this case would be without prejudice to Spectronics' right to raise inequitable conduct against new claims at a later date.

For these reasons, we request that you join with us in dismissing this action without any further cost to our clients.

Very truly yours,



Alan G. Carlson

AGC:lmb
Enclosures

cc: David Brainin

APPENDIX ELEVEN

LAW OFFICES

SEIDEL, GONDA, LAVORGNA & MONACO, P.C.

PATENT AND TRADEMARK ATTORNEYS

SUITE 1800, TWO PENN CENTER PLAZA

PHILADELPHIA, PA 19102

(215) 568-8383

20 June 1990

VIA TELECOPIER

James G. Shipley, Esq.
E.I. DuPont deNemours & Company
Legal Department, Room M3714A
Wilmington, DE 19898

RE: Spectronics Corporation v. H.B.
Fuller Company, Inc. and H.B.
Fuller Automotive Products, Inc.
Our File: 956-35

Dear Jim:

I am enclosing a copy of a letter dated June 18, 1990 from Alan G. Carlson, Esq., counsel for Fuller to Judge Dearie together with a Statement Of Non-Liability.

Manifestly, under the Statement Of Non-Liability, any purchases by DuPont from Spectronics are free from any charge of infringement under patent 4,758,366.

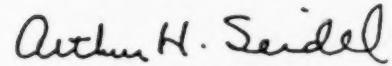
I am transmitting by Federal Express with a confirmation copy of this letter my letter of June 19 to Judge Dearie.

A - 33

Please feel free to call me regarding any aspect of this matter.

Sincerely yours,

SEIDEL, GONDA, LAVORGNA
& MONACO, P.C.


ARTHUR H. SEIDEL

AHS:slb
Enclosure

APPENDIX TWELVE

E.I. DUPONT DE NEMOURS & COMPANY
INCORPORATED
WILMINGTON, DELAWARE 19898

LEGAL DEPARTMENT

June 25, 1990

Arthur H. Seidel, Esq.
Siedel, Gonda, Lavorgna & Monaco, P.C.
Suite 1800, Two Penn Center Plaza
Philadelphia, PA 19102

Dear Mr. Seidel:

I received your June 15 and June 20, 1990, letters which advised that H. B. Fuller has applied for reissue of its U.S. Patent No. 4,758,366 and by amendment has cancelled all original Claims 1-18 in the reissue application. In addition, you supplied a copy of a letter dated June 18, 1990, from Alan G. Carlson, Esq., counsel for H. B. Fuller, to Judge Dearie together with a Statement of Non-Liability.

I have today advised my client, "Freon" Products Division of Du Pont's Chemical and Pigments Department, that they are free to purchase and/or use fluorescent dyes without regard to the claims of U.S. Patent No. 4,758,366. I have also advised them that there is a chance that this patent may reissue with narrower claims and I have provided them with a copy of the new claims which have been submitted by H. B. Fuller for reissue examination.

Thank you for keeping us advised of the status of this matter and it would also be appreciated if you would keep us informed of the status of the reissue proceeding.

Very truly yours,


James E. Shipley

JES:ndf

APPENDIX THIRTEEN

§ 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit

(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

(1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights, exclusive rights in mask works, or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;

*

*

*

(4) of an appeal from a decision of—

(A) the Board of Patent Appeals and Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

(B) the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in section 21 of the Trademark Act of 1946 (15 U.S.C. 1071); or

(C) a district court to which a case was directed pursuant to section 145 or 146 of title 35;

*

*

*